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The Provident Bank  
Consumer Lending  
980 Amboy Avenue  
Edison, New Jersey 08837  
732-417-4455

## **IMPORTANT TERMS OF OUR HOME EQUITY PLAN (the “Plan”)**

This disclosure contains important information about our Home Equity Plan line of credit. You should read it carefully and keep a copy for your records.

### **Availability of Terms:**

All of the terms described below are subject to change.

If these terms change (other than the ANNUAL PERCENTAGE RATE) and as a result you decide not to enter into an agreement with us, you are entitled to a refund of any fees that you paid in connection with your application.

### **Security Interest:**

We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

### **Property Insurance:**

You must carry insurance on the property that secures this Plan.

### **Possible Actions:**

We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

1. You engage in fraud or material misrepresentation in connection with the Plan.
2. You do not meet the repayment terms of the Plan.
3. Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

1. The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.
2. We reasonably believe that you will not be able to meet the repayment requirements, due to a material change in your financial circumstances.
3. You are in default of a material obligation of the Plan.
4. Government action prevents us from imposing the ANNUAL PERCENTAGE RATE provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
5. A government authority has notified us that continued advances would constitute an unsafe and unsound business practice.
6. The maximum ANNUAL PERCENTAGE RATE is reached.

### **Change of Terms:**

The Home Equity Plan Agreement permits us to make certain changes to the terms of the Plan at specified times or upon the occurrence of specified events. In addition, we may change, with your written consent, any terms or condition of your Home Equity Plan Agreement. Also, we may make, without your consent: (i) insignificant changes to your Plan; (ii) any changes which unequivocally benefit you; and/or (iii) any

changes to the index and margin used under your Plan if the original index is no longer available and if both the new index has historical movement substantially similar to that of the original index and the new index margin would have resulted in an annual percent rate substantially similar to the rate in effect at the time the original index became unavailable.

### **Fees and Charges**

There are no fees or charges to be paid directly to us to open and maintain your Home Equity Plan line of credit.

You will be required to keep the building(s) that are part of the real property mortgaged to us insured at all times against loss by fire and any other hazard that we may specify. You will choose the insurer, subject to our reasonable approval, and pay all premiums.

Flood insurance will only be required by us if it is necessary under law.

### **Minimum Payment Requirements:**

You can obtain advances of credit under your Home Equity Plan for 10 years (the “draw period”). During the draw period, your payments will be due monthly, and your minimum monthly payment will equal the sum of (i) a principal payment of the greater of \$50 or 1/180<sup>th</sup> of the total outstanding principal balance, plus (ii) any finance charges that have accrued on the outstanding balance and the amount of any past payment(s) due.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over the next 15 years or less (the “repayment period”). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal the sum of (i) a principal payment of the greater of \$50 or 1/180<sup>th</sup> of the total principal balance outstanding on your loan, plus (ii) any finance charges that have accrued on the outstanding balance and the amount of any past payment(s) due.

### **Minimum Payment Example:**

If you made only the minimum monthly payment and took no other credit advances, it would take 16 years and 7 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 198 payments varying between \$120.15 and \$50.62, and one final payment of \$45.64.

### **Tax Deductibility:**

You should consult a tax advisor regarding the deductibility of interest and charges under the Plan.

### **Variable-Rate Feature:**

Your Home Equity Plan has a variable-rate feature, and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.

The **ANNUAL PERCENTAGE RATE** is based on the value of what is called an “index”. The index throughout the duration of your Plan is the Prime Rate on the last day of the month as published in the Wall Street Journal. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index.

Ask us for the current index value, margin and **ANNUAL PERCENTAGE RATE**. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Rate Changes:**

The ANNUAL PERCENTAGE RATE can change monthly. The maximum ANNUAL PERCENTAGE RATE that can apply during the Plan is 16.5%. Apart from this rate “cap”, there is no limit on the amount by which the rate can change during any one-year period.

**Maximum Rate and Payment Examples:**

If during the draw period the ANNUAL PERCENTAGE RATE equaled the 16.5% maximum and you had an outstanding balance of \$10,000, the minimum monthly payment would be \$193.06.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 16.5% would be \$193.06. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the repayment period.

**Rate Information:**

The current ANNUAL PERCENTAGE RATE in place for any given month will be set forth on each monthly Home Equity Plan account statement.

**Fixed Loan Option (Home Equity Line of Credit):**

You have the option at any time of converting part of your outstanding Provident home equity line to a fixed rate loan. You can have no more than three (3) fixed term, fixed rate loans under your credit line at any one time. The minimum amount, which you can convert to a fixed loan, is \$5000. Your line of credit is replenished by an amount equal to the principal reduction on your fixed rate loan(s). Fixed rates are based on the rate and term for a comparable Provident home equity loan at the time of conversion. The ability to convert to a fixed rate is available only during the draw period.

**HISTORICAL EXAMPLE:**

The following table shows how the ANNUAL PERCENTAGE RATE and the monthly payments for a single \$10,000 cash advance would have changed based on changes in the indices over the past 15 years. The index values are from January 1st of each year. While only one payment amount per year is shown, payment amounts would have varied during each year.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payment would change in the future.

	YEAR	INDEX	ANNUAL MARGIN*	PERCENTAGE RATE	MONTHLY PAYMENT
<b>DRAW PERIOD</b>	1994	6.00%	0.50	6.50%	\$109.73
	1995	8.50%	0.50	9.00%	\$122.12
	1996	8.50%	0.50	9.00%	\$115.60
	1997	8.25%	0.50	8.75%	\$109.40
	1998	8.50%	0.50	9.00%	\$106.60
	1999	7.75%	0.50	8.25%	\$ 97.76
	2000	8.50%	0.50	9.00%	\$ 97.60
	2001	9.50%	0.50	10.00%	\$ 97.88
<b>REPAYMENT PERIOD</b>	2002	4.75%	0.50	5.25%	\$ 72.52
	2003	4.75%	0.50	5.25%	\$ 69.89
	2004	4.25%	0.50	4.75%	\$ 65.62
	2005	5.25%	0.50	5.75%	\$ 66.04
	2006	7.25%	0.50	7.75%	\$ 67.74

2007	7.75%	0.50	8.25%	\$ 64.76
2008	7.25%	0.50	7.75%	\$ 59.99

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\*This is a margin we have used recently.

### **NOTICE OF RIGHT TO RECEIVE APPRAISAL COPY**

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the following address:

**THE PROVIDENT BANK  
CONSUMER LENDING  
980 AMBOY AVENUE  
EDISON, NJ 08837**

In your letter, give us the following information: your name, address, and daytime phone number. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.